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No. 9, ORIGINAL

In the Supreme Court of the United States

OCTOBER TERM, 1965

UNITED STATES OF AMERICA,
Plaintiff,

v.

STATE OF LOUISIANA, ET AL,
Defendant.

MOTION FOR LEAVE TO FILE CORRECTIONS TO THE ACCOUNTING FILED BY THE STATE OF LOUISIANA ON FEBRUARY 25, 1966

JACK P. F. GREMILLION,
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THOMAS W. LEIGH,
J. B. MILLER,
OLIVER P. STOCKWELL,
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FREDERICK W. ELLIS,
Special Assistants,
Attorney General,
State of Louisiana.

JOHN L. MADDEN,
Assistant Attorney General,
State of Louisiana.

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STATE OF LOUISIANA, ET AL,

Defendant.

MOTION FOR LEAVE TO FILE CORRECTIONS TO THE ACCOUNTING FILED BY THE STATE OF LOUISIANA ON FEBRUARY 25, 1966

The State of Louisiana having filed its accounting hereunder on February 25, 1966, pursuant to Supplemental Decree No. 1 of December 13, 1965, Paragraph 7, and certain errors having been discovered in its accounts and in the accounting of the United States, which errors have been reconciled in consultations between counsel for both parties, respectfully moves the Court for leave to file amendments and corrections to Louisiana's accounting as follows:

1.

An Amended Exhibit A is filed to show a total of $84,766.69 instead of $82,314.87 as the amount Louisiana recognizes for inclusion in determining the net balance as provided in Paragraph 8 of the Decree, subject to the comments made in Paragraph 1 of

Louisiana's original accounting. The changes necessary in arriving at the corrected total are reflected in the revised and amended Exhibit A in the figures reported for State Leases Numbered 3771, 3772 and 3773.

2.

Minor corrections to Exhibit B are required with reference to State Leases Numbered 1550, 1516, 1662, 1102 and 1262, resulting in an adjustment to the figure of $430,549.76 instead of $430,370.54 as the proper total to be included in determining the net balance as provided by Paragraph 8 of the Decree and as referred to in Paragraph 2 of Louisiana's original accounting. These corrections are set forth in Exhibit 2 annexed entitled: "Amendments to 'Exhibit B' of the Accounting of the State of Louisiana Pursuant to the United States Supreme Court Supplemental Decree Rendered December 13, 1965."

3.

Exhibit E of the State's accounting erroneously included State Lease No. 1262(OCS No. 373) located in Main Pass, Block 40, with the amount of $1404.00 shown as applicable to the area described in Paragraph No. 1 of Supplemental Decree No. 1. This schedule should be corrected to omit this item and the total should be changed to $72,400.00. This amount represents dual payments and is subject to the comment made in Paragraph 5 of Louisiana's original accounting.

4.

Included in the amounts accounted for or paid to Louisiana by the United States was the sum of $16,859.94 representing payments made by Texaco, Inc. for gas royalties to comply with the conditions and requirements of the United States for validation of Louisiana State Lease No. 340 (OCS 0310). Under the terms of the State lease, Texaco, Inc. has the right to use gas produced from its lease in its operations free of royalty. As the Supplemental Decree of December 13, 1965, recognizes the rights of Louisiana to be superior to the claims of the United States with respect to the area described in Paragraph 3 of the Decree, and as the amount of royalties aforesaid are attributable to areas conceded to belong to Louisiana, reimbursement to the lessee, Texaco, Inc., of the amount of $16,859.94 has been made by Louisiana because these royalties were not due under the terms and provisions of the subject lease. This item is referred to for completeness in the statement of Louisiana's accounting although it does not affect any net balance under Paragraph 8 of the Decree.

5.

The United States has informed Louisiana that Louisiana may advise the Court that the United States has no objection to the filing of this Amended Accounting and Louisiana has agreed to advise the Court that Louisiana has no objection to the filing by the United States of an Amended Accounting to correct its own errors. Neither party is to be understood as agreeing

to the correctness of the items, whether amended or unamended, in the accounts of the other party, or as waiving any right it may have to object to such account, as so amended, or any part thereof, under the Supplemental Decree of December 13, 1965.

Louisiana accordingly prays leave to file this Amended Accounting.

Respectfully submitted,

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PAUL M. HEBERT,
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Attorney General,
State of Louisiana.

JOHN L. MADDEN,
Assistant Attorney General,
State of Louisiana.

PROOF OF SERVICE

The undersigned, being one of the attorneys for the State of Louisiana, defendant herein, certifies that copies of the foregoing amended accounting have been properly served on the ____ day of April 1966, by leaving copies thereof at the offices of the Attorney General and of the Solicitor General of the United States, respectively, in the Department of Justice Building, Washington, D.C.

ORDER

Let this Motion and the Amended Accounting be filed as prayed for.

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AMENDED EXHIBIT A

Sums Received From Lands In The Zone I Area As Described In The Interim Agreement of October 12, 1956, Subsequent To June 5, 1950.

Area Described in Paragraph 1 of The U. S. Supreme Court Supplemental Decree Rendered December 13, 1965

State Lease No.	Area	Block	Bonus	Subsequent Payment	Percent	Bonus	Subsequent Payment	Royalty	Total
3771	Main Pass	6	$526,320.00	$14,688.00[3]	1.64	$ 8,631.65	$ 240.80[3]	$	$ 8,872.45
3772[5]	Main Pass	91	29,415.00	44,122.50[1]	31.22	9,183.36	13,775.04	....	22,958.40
3773	Main Pass	6	441,192.00	7,116.00[4]	8.13	35,868.91	578.53[4]	35.34[2]	36,482.78
4595	Chandeleur	16	256,678.00	.....	6.41	16,453.06	.....	....	16,453.06
					TOTAL	$70,136.98	$14,594.37	$35.34	$84,766.69

[1]State oil and gas leases require a bonus. The lessee acquires the right to commence actual drilling within twelve (12) months. The leases in effect contain an option to defer the drilling by another twelve (12) months by paying a sum equal to half of the first consideration or bonus. Such subsequent payments are often called "delay rentals."

[2]The amount as shown represents the calculation of royalty based on a gross value and would therefore include sums received by the State as royalty and severance tax.

[3]The amounts as shown represent payments for six (6) semi-annual periods, based on $1.00 per acre per period, made at lessee's option to maintain the lease during which time capable gas wells were shut-in due to a lack of market.

[4]The amounts as shown represent payments for three (3) semi-annual periods based on $1.00 per acre per period, made at lessee's option to maintain the lease during which capable gas wells were shut-in due to a lack of market.

[5]State Lease 3772 expired March 26, 1965.

EXHIBIT 2

AMENDMENTS TO "EXHIBIT B" OF THE ACCOUNTING OF THE STATE OF LOUISIANA PURSUANT TO THE UNITED STATES SUPREME COURT SUPPLEMENTAL DECREE RENDERED DECEMBER 13, 1965

Lease Number		Location			Total Received Payments Subsequent to Bonus	Applicable to Area Described in Paragraph 1 of Decree		
State	OCS	Area	Block	Period Covered		Per cent	Payments Subsequent to Bonus	Difference
1550	015	S. Timbalier	53	7/17/50 to 7/17/51	$20,130.00			
		As Reported				54.87	$ 11,045.33	
		Should Have Been Reported				55.28	11,127.86	$ 82.53
1516	255	South Pelto	23	8/11/50 to 8/11/51	7,500.00			
		As Reported				84.51	6,338.25	
		Should Have Been Reported				100.00	7,500.00	1,161.75
1662	229	Eugene Island	90	11/19/50 to 11/19/51	7,750.00			
		As Reported				.65	50.38	
		Should Have Been Reported				.....	.....	−50.38
1102	...	Vermilion	65	6/19/50 to 6/19/51	5,550.00			
		As Reported				19.70	1,093.35	
		Should Have Been Reported				9.85	546.67	−546.67
1262	373	Main Pass	40	8/05/50 to 8/05/51	3,750.00			
		As Reported				12.48	468.00	
						.....	.....	−468.00
		Total					$430,370.54	
		As Reported					$430,549.76	$ 179.22
		Should Have Been Reported						

B-550, 4-66

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No. 9, ORIGINAL

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OCTOBER TERM, 1965

UNITED STATES OF AMERICA,
Plaintiff,

v.

STATE OF LOUISIANA, ET AL,
Defendant.

OBJECTIONS BY THE STATE OF LOUISIANA TO THE ACCOUNTING FILED BY THE UNITED STATES OF AMERICA PURSUANT TO SUPPLEMENTAL DECREE NO. 1, DATED DECEMBER 13, 1965

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THOMAS W. LEIGH,
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UNITED STATES OF AMERICA,
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STATE OF LOUISIANA, ET AL,
Defendant.

OBJECTIONS BY THE STATE OF LOUISIANA TO THE ACCOUNTING FILED BY THE UNITED STATES OF AMERICA PURSUANT TO SUPPLEMENTAL DECREE NO. 1, DATED DECEMBER 13, 1965

The State of Louisiana through the Attorney General of Louisiana and other undersigned Counsel, pursuant to Paragraph 8 of Supplemental Decree No. 1 rendered December 13, 1965, makes the following objections to the accounting filed by the United States of America:

1.

Since the accountings were filed herein on or about February 25, 1966 by the United States and the State of Louisiana, both have discovered errors of no great significance and each has informed the other that subject to the approval of this honorable Court amended accountings will be filed which do not alter the principles involved. Louisiana does not object to

the filing of such amended accounting by the United States and simultaneously herewith is itself filing a motion for leave to file its own amended accounting.

2.

Part II of the Government's account on pages 9 and 11 show the following pipe line rentals received by the United States of America respecting areas described in Paragraph 3 of the Decree as due to Louisiana:

Lease No. 642	$ 749.61
Lease No. 650	400.00
Lease No. 1347	108.50
Lease No. 1380	9.84
TOTAL	$1,267.95

Louisiana has explained in Paragraph 6, page 5 of its accounting that it has received a larger sum, to wit $50,955.60, for rights of way which is not governed by the Interim Agreement of October 12, 1956 nor by the Decree. The United States of America has collected from the same parties for the same pipe line rights of way and what may be due by the United States of America to those from whom it collected, and what may be due by Louisiana to those from whom it collected payments for rights of way for pipe lines depends upon the agreements between the parties, is not appropriate to an accounting between the United States of America and Louisiana and is not required by the Decree.

Louisiana objects to the inclusion of this sum of

$1267.95 as due to the State of Louisiana on the ground that neither government owes the other for the reason that the grantees who bought these rights of way have already paid both governments and did so knowingly and of their own volition, not expecting reimbursement therefor. Louisiana understands that the United States does not propose to pay any sums to grantees of pipe line rights of way. Except where agreements for reimbursement have been made in the right of way permits, Louisiana similarly is not obligated to and does not propose to pay grantees of pipe line rights of way and the United States is not entitled to double payment for the identical rights of way. Louisiana is obligated by agreements entered into under La. R.S. 41:1174 (La. Act 29 of 1964) to make refunds in the amount of $3,472.69 for rights of way covered by agreements entered into pursuant to that statute and proposes to make payments accordingly.

3.

By virtue of the Supplemental Decree of December 13, 1965, Zone 1, as described in the Interim Agreement of October 12, 1956, has been augmented by areas conceded to belong to Louisiana under Paragraph 3 of the Decree. The Decree does not specify areas landward of these areas and the United States has not accounted to Louisiana or to the oil company lessees for rentals and royalties received between June 5, 1950 and the enactment of the Submerged Lands Act, Approved May 22, 1953, from areas landward of the prior Zone II area previously in dispute and now

acknowledged to be part of Louisiana's territory. Louisiana has ascertained that the amount to which Louisiana is due on account of payments made with respect to leases attributable to said areas is $2,085,-190.08 and additional sums are owing to the lessees. The sum owing to Louisiana is shown in further detail in Exhibit 1, annexed hereto.

The areas landward of the prior Zone II area previously in dispute here referred to are not described in Paragraph 3 of the Supplemental Decree of December 13, 1965 because since the Interim Agreement of October 12, 1956 the landward areas referred to have been recognized as being a part of Louisiana. Paragraph 4 of the Supplemental Decree makes it plain that, as the United States is not entitled, as against the State of Louisiana to any interest in the lands, minerals and other natural resources described in Paragraph 3, the United States cannot be entitled as against the State of Louisiana to retain any funds derived from the areas even further landward of those described in Paragraph 3. Louisiana asserts that the funds referred to are owing to it and to the lessees in such areas under Section 3 of the Submerged Lands Act and by implication from Paragraph 4 of Supplemental Decree No. 1.

While the funds referred to are not covered specifically by the Decree and may, therefore, be considered as not accountable under the literal terms of the Decree, such funds must ultimately be paid to Louisiana and to the lessees entitled thereto. Such funds should, in fact, have been paid when the Sub-

merged Lands Act was passed and if the United States does not now remit to Louisiana therefor, Louisiana respectfully reserves the right to seek payment through application for a further supplemental decree or otherwise.

Respectfully submitted,

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Attorney General,
State of Louisiana.

JOHN L. MADDEN,
Assistant Attorney General,
State of Louisiana.

PROOF OF SERVICE

The undersigned, being one of the attorneys for the State of Louisiana, defendant herein, certifies that copies of the foregoing objections have been properly served on the_____day of April, 1966, by leaving copies thereof at the offices of the Attorney General and of the Solicitor General of the United States, respectively, in the Department of Justice Building, Washington, D. C.

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EXHIBIT No. 1

ITEMS DUE FROM THE UNITED STATES TO THE STATE OF LOUISIANA AS REFERRED TO IN PARAGRAPH 3 HEREOF: SUMS RECEIVED FROM LANDS LANDWARD OF THE ZONE II AREA PREVIOUSLY IN DISPUTE AND AWARDED TO THE STATE BY THE U. S. SUPREME COURT SUPPLEMENTAL DECREE RENDERED DECEMBER 13, 1965

Lease Number		Location			Applicable To State of Louisiana	
State	OCS	Area	Block	Period Covered	Percent	Payments Subsequent to Bonus
1277	371	Main Pass	68	12/11/50 to 3/31/53	100	$1,014,037.99
1278	372	Main Pass	69	12/11/50 to 3/31/53	100	148,753.61
1353	...	Main Pass	67	1/ 9/51 to 1/ 9/54	100	39,750.00 [1]
1355	...	Main Pass	80	12/11/50 to 3/31/53	100	187,786.65
1357	...	Main Pass	81	1/ 9/51 to 1/ 9/54	100	127,200.00 [1]
1359	...	Main Pass	82	1/ 9/51 to 1/ 9/54	100	15,000.00 [1]
988	...	South Pass	1	12/11/50 to 3/31/53	100	50,467.83
998	...	South Pass	11	12/11/50 to 3/31/53	100	262,443.63
1008	350	South Pass	24	12/11/50 to 3/31/53	100	216,875.37
1344	...	Breton Sound	50	1/ 9/51 to 1/ 9/54	100	22,875.00 [1]
						$2,085,190.08

[1]The amounts as noted represent so-called delay rentals. All other sums shown represent royalty.

B-551, 4-66